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C O N F I D E N T I A L SECTION 01 OF 02 BUCHAREST 001606

SIPDIS

STATE DEPT FOR EUR/NCE - JANE MESSENGER

E.O. 12958: DECL: 07/19/2015

TAGS:  $\underline{PGOV}$   $\underline{PREL}$   $\underline{KDEM}$   $\underline{SOCI}$   $\underline{RO}$  SUBJECT: NO NEW ELECTIONS -- PRIME MINISTER RETREATS ON RESIGNATION PLANS

REF: A. BUCHAREST 1584

¶B. BUCHAREST 1557

Classified By: POLITICAL SECTION CHIEF ROBERT S. GILCHRIST FOR REASONS 1.4 (B) AND (D)

- 11. (C) Summary: Prime Minister Calin Popescu-Tariceanu announced July 19 that he would not follow through with his earlier intention to resign and press for snap elections. The decision follows days of vacillation and what appeared to be a firm decision to step down as late as July 13. President Traian Basescu met with Tariceanu earlier in the day and was reportedly irritated with Tariceanu's indecision. Meanwhile, much of the country remains preoccupied with widespread flooding, with the political opposition accusing the government of focusing on political bickering at a time of crisis. While Tariceanu may have preserved his position in the short term, his vacillation has raised new doubts about his abilities to lead. End Summary.
- 12. (C) PM Tariceanu announced in a hastily called press conference late afternoon July 19 his intention to remain in office, characterizing resignation at this time as "an act of office, characterizing resignation at this time as cowardice." He underscored that given the current humanitarian crisis related to widespread flooding, "now is not the time to abandon the people" or to engage in "politicking or party infighting." Tariceanu said that he had initially announced his intention to resign at a time when "we did not have floods." He also claimed that during his recent trip to Brussels he had "received a message" to avoid political instability.
- 13. (C) The announcement followed a morning of speculation by Embassy contacts that Tariceanu was retreating on his earlier commitment to step down. One contact from Tariceanu's Liberal-Democratic (PNL-PD) Alliance said to PolChief that the decision "finally puts to rest" uncertainty as to whether the country would hold early elections. However, the same contact added, many in the PNL-PD are "now disappointed" that the Alliance may have missed its "only opportunity" to widen its marrow parliamentary majority. its narrow parliamentary majority.

## Basescu Irritated

- 14. (C) Tariceanu met with President Basescu earlier July 19 for what was initially intended to be his formal resignation. However, according to key presidential advisors, the PM confirmed to Basescu that he had changed his mind about resigning and pressing forward with new elections. This
- decision was reportedly cemented by Basescu's reluctance to reappoint Tariceanu as interim prime minister. The constitution stipulates that the position of interim PM must be filled by another cabinet member. According to Presidential Advisor Claudiu Saftoiu, Basescu found deviating from this requirement or bending the rules "unacceptable.
- ¶5. (C) Basescu was also reportedly "extremely irritated" with Tariceanu's vacillation and tried to convince him to stay the course. Basescu left the meeting "disappointed" and departed Bucharest by helicopter to visit flood damaged areas, with no intention to meet Tariceanu again for the remainder of the day.

## Tariceanu's Trip to Brussels

- 16. (C) Although some contacts opine that Tariceanu returned from his July 18 trip to Brussels with a belief that the EU opposed elections, sources with the most direct understanding of events say that was not the case. EU Commissioner for Enlargement Ollie Rehn publicly expressed concern over Romania's "turbulent political situation which could...delay its planned entry in 2007." However, the EU Ambassador to Romania Jonathan Scheele told Charge that Commissioners in fact gave a mixed message, with Commissioner Franco Frattini congratulating Tariceanu for taking a "courageous decision" to hold new elections and demonstrating Romania's commitment to deep reforms.
- 17. (C) Scheele indicated that the EU mission here was embarrassed by the whole elections episode because the signals had changed so dramatically over the weekend -- after their briefers had gone into Brussels -- and because in the

public eye it appeared to some that Tariceanu had buckled under EU pressure not to hold early elections. Until this week, Scheele said, he had still rated the chances for a 2007 membership date vice 2008 as better than 50-50. After the ongoing display of dysfunction -- he claimed some European investors were reacting nervously to ongoing events -- his own personal odds had probably dropped below the 50-50 threshold. At the same time, Brussels would not make a final judgment in its October report -- that would wait until next spring. The jury was still out, for sure, and EU wanted to keep leverage as long as possible.

18. (C) In Scheele's opinion, Tariceanu was finished politically "one way or the other." Scheele further opined that Tariceanu had recovered from his vacillation a week ago over the resignation only again to retreat on what was to be his final decision to resign. Scheele commented dryly that perhaps Tariceanu should have consulted more widely before digging himself in deeper, including with the EU. Scheele expressed his opinion that the PM was a very decent man, who had been a good interlocutor and with whom one could be frank and expect frank responses.

## Why the Wavering?

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- 19. (C) In addition to supposed EU concerns and worries about whether Basescu would reappoint him as PM, Embassy sources cite several other concerns Tariceanu likely considered in making his final decision. First and foremost, the two smaller parties of his coalition the ethnic Hungarian party (UDMR) and the Conservative Party (PC) oppose a return to the polls due to concerns they will not meet the minimum threshold for returning to Parliament. Tariceanu would have needed their parliamentary support to force new elections. According to numerous sources, the PNL-PD was having "little success" in picking up sufficient votes from parliamentary independents to compensate for potential lack of PC or UDMR support. In addition, some within the PNL-PD quietly opposed new elections, reluctant to return to the polls after a grueling year of elections in 2004. Recently released opinion polls also showed a majority of the public opposed new elections.
- 110. (C) Many PNL-PD politicians also worried about the optics of pressing for new elections against the backdrop of widespread flooding, the worse humanitarian disaster since the 1989 return to democracy. The opposition was already using the situation to its political advantage. Most recently, on July 18, PSD Executive President and former PM Adrian Nastase criticized Basescu for refusing to declare a state of emergency, observing that a state of emergency is not limited only to instances in which the security of the state is under threat. He directly criticized PNL-PD politicians for focusing on the possibility of snap elections, insisting that responding to the floods and achieving EU integration are Romania's key priorities.
- 111. (C) Many Embassy contacts, however, ascribe the wavering to what appears to be Tariceanu's personal style of leadership, which they say increasingly appears to be "indecisive and unfocused." Saftoiu said that many in the political majority now felt "embarrassed." He expressed few doubts that over time these sentiments would be expressed more broadly and even publicly by many in the PNL-PD.
- 112. (C) Comment: While Tariceanu may have preserved his position in the short term, his vacillation has raised new doubts in the minds of many Romanians about his abilities to lead. His stature within his coalition has undoubtedly declined tremendously over the past 12 days, with prospects for a diminished and demoralized government facing a reenergized opposition PSD. Basescu's clear irritation and disappointment may also herald more overt tension between the president and the prime minister that may ultimately contribute to Tariceanu's premature ouster. This could be magnified by a lukewarm EU country report on Romania scheduled to be released in October. One local analyst opined to PolChief that Tariceanu had an opportunity to "show genuine leadership" through his daring move to call for new elections. He squandered that opportunity, and his ability to revive his previously high approval rating has now been cast into doubt. For the most part these wounds were self-inflicted by Tariceanu and represent a somewhat discouraging commentary on prospects for the PNL-PD to govern effectively and push forward on needed reforms. End Comment.
- 113. (U) AmEmbassy Bucharest's Reporting telegrams, as well as daily press summaries, are available on the Bucharest SIPRNet website: www.state.sgov.gov/p/eur/bucharest.
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